Province of British Columbia
Ministry of Health

ECONOMIC OUTLOOK FOR BRITISH COLUMBIA

A

MINISTRY OF HEALTH

PERSPECTIVE

91-03767/

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Economic Outlook for British Columbia

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Ministry of Health

Perspective

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September, 1990

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Highlights

Provincial Outlook

- Real economic growth in British Columbia is expected to average around 3.0 percent in 1990 down from 4.3 percent in 1989. In 1991, a major slow down in the Provincial economy is anticipated with real growth averaging around 1.5 percent. Beyond 1991, the economy is expected to expand at an average rate of 3.0 percent per year over the 1992 - 1994 period.

- The rate of inflation (measured in terms of Vancouver CPI) is forecast to increase from 4.5 percent in 1989 to 5.5 percent in 1990 and 6.0 percent in 1991. Beyond 1991, a steady decline to 4.3 percent by 1994 is expected.

- The Goods and Services Tax (GST) is expected to add 1 to 1.25 percent to inflation in 1991.

- The unemployment rate in British Columbia is projected to increase from 8.7 percent in 1990 to 8.9 percent in 1991. Beyond 1991, it is expected to decline gradually to 8.1 percent by 1994.

- The real per-capita personal income in British Columbia is expected to increase from $20,720 in 1989 to $21,470 in 1994.

- The prime lending rate of Chartered Banks in Canada is expected to increase from 13.3 percent in 1989 to around 14.3 percent in 1990. Beyond 1990, a gradual decline to 11.8 percent by 1994 is forecast.

- Canadian dollar is currently trading at $0.88 (US). It is expected to depreciate to $0.80 (US) by 1992 and is forecast to remain at this level over the entire forecast period.

Regional Outlook

- Modernization in saw mills and other wood manufacturing industries will increase efficiency, but lower employment levels in Vancouver Island/Coast region.

- Growth in the Lower Mainland economy is expected in the service sector and manufacturing, particularly in pulp and paper, as new production facilities and infrastructure are constructed. As well, the tourist industry in the region is forecast to grow.

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- The effect of decreased employment in the forestry, mining and manufacturing sectors of the Thompson-Okanagan economy due to mine closures, mechanization and other productivity gains will be partially offset by growth in retirement and tourism related service industries.

- Increased capacity for processing mining and forestry natural resources will boost manufacturing in the Kootenay region.

- The $600 million Kemano Completion Project by Alcan will provide long term benefits to the North Coast region. As well, improvements to the region's infrastructure pave the way for future economic growth.

- Expansion of the forest industry into the northern part of the Nechako region will play an important role in any future economic developments in this part of the province;

- Long-term development in the Peace River area to meet the Province's energy demands will provide the Northeast region with new economic benefits such as transportation, infrastructure and permanent employment opportunities.

Economic Outlook for British Columbia

1.0 INTRODUCTION:

The purpose of this Economic Outlook is to assist health care planners to anticipate and plan for the health consequences of projected economic fluctuations. In turn, such information can be used to help direct the development of health care policies and resources to meet the changing needs of British Columbians in all regions of the province.

The health of a society is dependent on a number of factors including both the socio-economic environment and the availability of health care. Socio-economic factors such as economic growth, education, and demographic shifts are considered to have a more profound impact on health than the quantity of health care delivered. Fluctuations in key economic aggregates that measure economic changes have direct health care implications in terms of both the demand and the supply of health care resources. On the demand side, the economic consequences of persistent unemployment, reductions in average household income, and inflation can lead to inadequate housing, insufficient clothing, and poor nutrition. Although, the contribution of these elements may differ among individuals and families, all of them undermine general health and weaken resistance to disease, resulting in the consumption of health care resources. On the supply side, the overall performance of the economy determines the extent to which Government is able to finance health care services.

Society is often faced with serious health problems not only during periods of economic slowdown, but also during economic boom. Economic growth tends to accelerate industrial expansion and can lead to increased industrial pollution. Hazardous industrial emissions and toxins can pose a threat to public health. Health care resources are needed to treat (industrial) pollution related respiratory problems such as bronchitis, emphysema, asthma, and lung cancer. Economic boom also results in an increase in employment and a commensurate increase in industrial accidents and related disability.

This document provides an assessment of the projected future economic climate in which British Columbia's health care programs will likely operate. The assessment of these projected economic patterns is provided in terms of several standard market indicators and is based on Ministry of Finance and Corporate Relations' Economic Forecast of April 19, 1990. The discussion focuses on key economic indicators that are known to have a direct bearing on health care planning and resource allocation. The changes in the economic aggregates are provided in quantifiable terms. The regional outlook, however, is primarily based on British Columbia Central Credit Union's forecast of September, 1989, and provides a qualitative assessment of the emerging economic trends at sub-provincial levels. It is, however, important to note that the forecast and the discussion contained in this document are based on

certain assumptions which are considered reasonable at the present time. Any future changes in government's fiscal and monetary policies and economic initiatives can significantly effect the economic forecast underlying this document. It is, therefore, imperative that any policies that are developed based on the following discussion must be continually updated to account for the economic consequences of any unforeseen developments in international, national and domestic fronts.

The discussion proceeds with an overview of British Columbia's economic structure and its links with the external economies. Following that, the outlook is presented; first for external markets and then for British Columbia. Finally, regional patterns of economic growth are discussed.

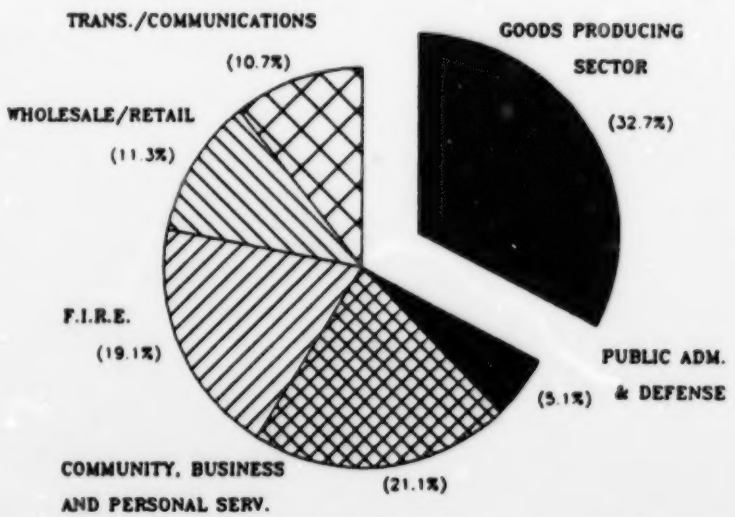
2.0 OVERVIEW OF BRITISH COLUMBIA'S ECONOMIC STRUCTURE:

The rich endowment of natural resources and their development form the backbone of British Columbia's economy. Essentially, the provincial economy can be viewed as a combination of the goods producing industries and the service sector. The goods producing industries consist of: primary industries (agriculture, fishing and trapping, forestry, and mining), manufacturing, construction, and gas and electric utilities. The service sector, on the other hand, includes: transportation and communications; wholesale and retail trade; finance, insurance and real estate (FIRE); community, health, business and personal services; and public administration and defense.

FIGURE 1

B. C. REAL GROSS DOMESTIC PRODUCT

BY INDUSTRY - 1989



The overall performance of an economy is generally measured in terms of the changes in value of its domestic production of all final goods and services in a given year - collectively referred to as the gross domestic product (GDP). It is normally stated either in nominal or real terms. As the term implies, the real GDP growth refers to the actual expansion in physical output and it is generally expressed in monetary terms by netting out inflation from the nominal GDP estimate.

Since 1971, there has been a gradual shift in the pattern of economic activity in the province in favour of the service sector. In 1971, the service sector accounted for 60.6 percent of the real provincial GDP; by 1981 it increased to 62.9 percent. In 1989, the service sector accounted for approximately 67.3 percent of the real provincial GDP; the rest was generated in the goods producing sector (Figure 1).

In terms of employment, the goods producing sector employed 358,000 persons in 1989 compared to 1,077,000 in the service sector. The output (measured in terms of 1981 dollars) per employed person in 1989, however, was almost 2.2 times higher in the goods producing industries compared to the service sector.

Pulp and paper products and softwood lumber are among the leading commodities exported out of British Columbia. In 1989, these commodities together accounted for about 50 percent of the total provincial exports. The bulk of all British Columbia exports in 1989 were absorbed in the United States, Japan, and European markets. In terms of value, the United States received 41 percent, Japan 29 percent and the European Community 15 percent of 1989 British Columbia exports. Aside from Japan, other Pacific Rim countries accounted for 12 percent of provincial exports in 1989. In aggregate, exports accounted for 24.0 percent of British Columbia's total GDP in 1989.

Since the small provincial population base is unable to support the mass production of consumer goods and natural resources, the provincial economy is very much dependent on external trade. Consequently, economic activity in all sectors of the provincial economy is affected, to varying degrees by developments in international markets. Because of this reliance, fluctuations in internationally determined commodity prices, exchange rates and the overall performance of the economies of the trading partners have a profound impact on British Columbia's domestic economy.

Over the years, British Columbia has depended largely on United States markets for external trade. Recently, however, the province has diversified its trade relations by increasing exports to the rapidly developing economies of the Pacific Rim. In fact, in 1989, the value of exports to the Pacific Rim countries and United States were almost equal.

3.0 ECONOMIC OUTLOOK:

3.1 International Economy

Compared to 1988, the economic growth in the U.S. was slow in 1989 while in Japan and West Germany it remained strong. The U.S. real gross national product (GNP) increased, on average, by 3.0 percent in 1989 down from 4.4 percent growth experienced in 1988. Most forecasters expect U.S. growth to be moderate, between 1.5 and 2.0 percent, in 1990. After 1990, the U.S. economy is expected to recover; the real growth over the 1991 - 1994 period, however, is expected to remain below the 1988 level.

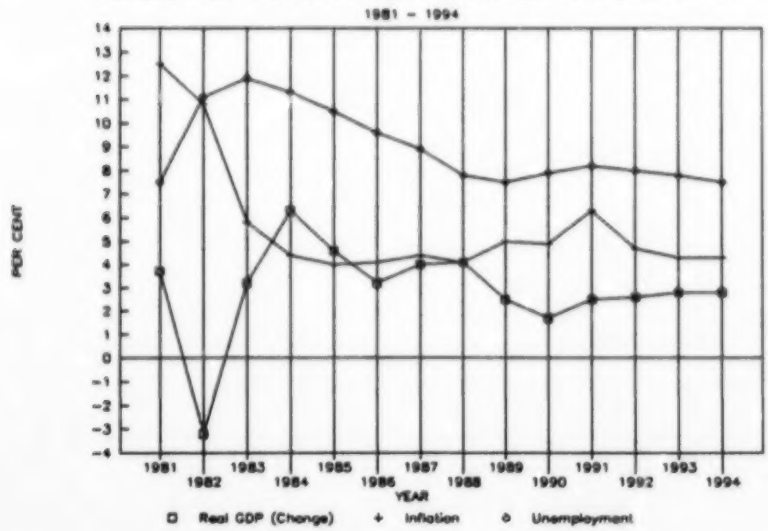
Overseas, in 1989, Japan was the fastest growing industrialized economy in the world. Spurred by consumer and capital spending, the Japanese economy expanded by 4.9 percent in 1989. Again, in 1990, the Japanese economy is expected to perform strongly. Most forecasters believe that Japan's real GNP growth will be around 4.5 percent in 1990. In Europe, the West German economy expanded by 4.0 percent in 1989 and is expected to expand by 4.0 percent again in 1990. However, the German unification process and continuing changes throughout the East Bloc are expected to affect the economic performance in Europe.

3.2 Canadian Economy:

Since the recession of 1982, the Canadian economy has been growing in real terms at an average rate of about 4.2 percent per year. In 1988, the Canadian real GDP advanced by 5.0 percent. In comparison, however, the real growth in 1989 weakened to about 2.9 percent. A further slowdown in the Canadian economy is expected for 1990. The real GDP is forecast to grow by 1.7 percent in 1990. Over the subsequent 1991 to 1994 period, the real growth is expected to average around 2.7 percent per year.

Figure 2

SELECTED INDICATORS – CANADIAN ECONOMY



The Consumer Price Index (CPI), a commonly used indicator to measure inflation, is projected to drop from 5.0 percent in 1989 to 4.8 percent in 1990. In 1991, the Canadian CPI is expected to increase to 6.0 percent due largely to the economic impact of federal government's Goods and Services Tax (GST), set to debut January 1, 1991. Beyond 1994, it is expected to average around 4.3 percent (Figure 2).

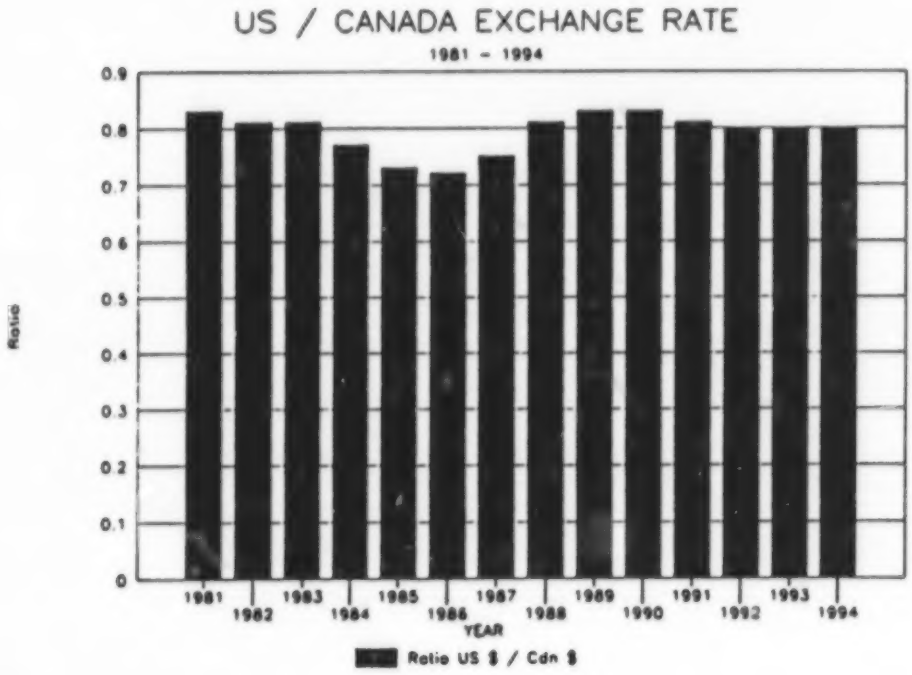
Unemployment in Canada is projected to increase from 7.5 percent in 1989 to 7.9 percent in 1990 and 8.2 percent in 1991. After 1991, it is expected to drop gradually to 7.3 percent by 1995.

3.3 Financial Markets:

a) Exchange Rate:

Exchange rate refers to the rate at which the national monetary unit can be traded in the international market and, consequently, it determines the ability of domestic producers to sell their output in export markets. The fluctuations in the exchange rate relative to the currencies of British Columbia's major trading partners, therefore, affect the growth of the domestic economy. Although, in recent years British Columbia has diversified its trade practices, the United States is still its largest single trading partner for most of its exports.

Figure 3



Historically, the Canadian dollar has been very volatile in the short-term and is, therefore, a difficult variable to forecast. In 1982, the Canadian dollar (Cdn $) was trading at $0.81 United States (US$) but fell to $0.72 US in 1986. Since 1986, it has appreciated in value. In 1989, the Cdn $ was equivalent to $0.83 US. In part, because of the recent crisis in Persian Gulf, the Canadian dollar is currently trading at $0.88 US. By 1992, it is expected to settle around $0.80 US and is forecast to stay at this level over the rest of the forecast period through to 1994 (Figure 3).

b) Interest Rate:

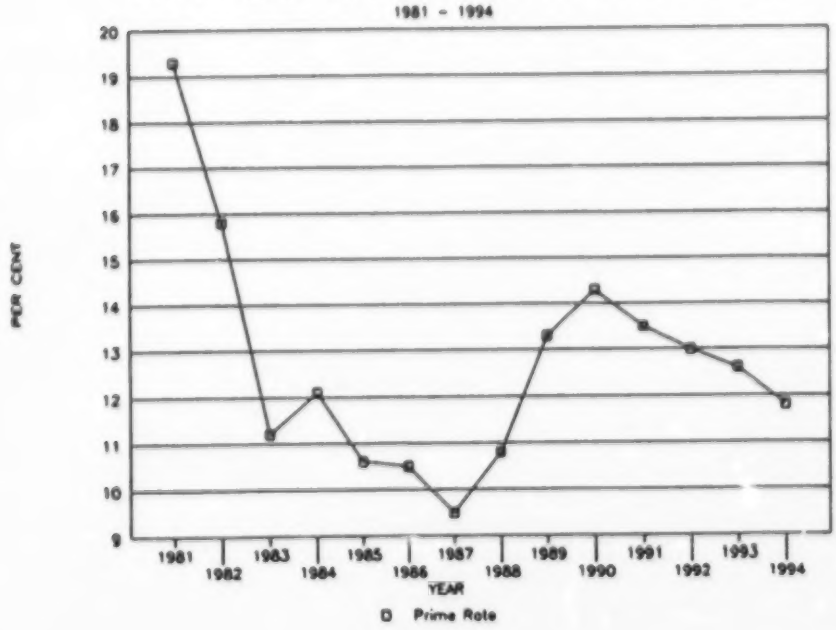
The recent developments and potentially huge demands for funds to provide economic and political liberalization in Soviet Union and eastern Europe suggest that there is little prospect of interest rate relief in the near future, despite evidence of slowing economic growth in North America. Because of the growing volume of short-term capital flows between countries, it has been difficult for the Bank of Canada to gear monetary policy to domestic conditions.

While short-term interest rates are unlikely to decline in the near future, slower economic growth in the second half of 1990 may allow some easing of interest rates.

The prime lending rates of chartered Canadian banks is projected to increase from 13.3 percent in 1989 to an average of about 14.3 percent in 1990. Beyond 1990 a steady decline to 11.5 percent by 1995 is forecast (Figure 4).

Figure 4

CHARTERED BANKS' PRIME LENDING RATE



4.0 BRITISH COLUMBIA'S OUTLOOK:

4.1 TREND:

Except for the recession in 1982, the British Columbia economy has displayed both rapid growth and modest expansion since 1981. In 1986, the British Columbia economy expanded very modestly, despite the economic thrust of the World Exposition (Expo'86) hosted by British Columbia in Vancouver.

Compared to the past two years, economic growth in British Columbia appears to be slowing down. In 1987, British Columbia's real Gross Domestic Product (GDP) increased by 5.7 percent, in 1989 the growth was down to 4.3 percent. The slow down in employment and housing activity that is taking hold in Central Canada is expected to be felt on the West Coast. It is therefore, expected that the provincial economy will grow (in real terms) by only 3.0 percent in 1990 and 1.5 percent in 1991. Beyond 1991, real growth in British Columbia's economy will generally be around 3.0 percent per year.

These annual changes in British Columbia's economic growth will be accompanied by fluctuations in the unemployment rate, employment level, average personal income, and inflation. The performance of these economic indicators is currently projected to be as follows:

Table 1

	BRITISH COLUMBIA SELECTED ECONOMIC INDICATORS			
Year	Real GDP Growth (%)	Unemployment Rate (%)	Inflation (%)	Employment ('000)
1981	2.2	6.7	14.3	1270
1982	-4.6	12.1	10.5	1202
1983	1.1	13.8	5.5	1190
1984	3.2	14.7	4.0	1191
1985	6.8	14.1	3.2	1220
1986	0.5	12.5	3.3	1270
1987	5.7	11.9	3.1	1306
1988	3.4	10.3	3.6	1358
1989	4.3	9.1	4.5	1435
1990	3.0	8.7	5.5	1471
1991	1.5	8.9	6.0	1496
1992	3.0	8.5	4.7	1532
1993	2.9	8.3	4.3	1570
1994	3.0	8.1	4.3	1609

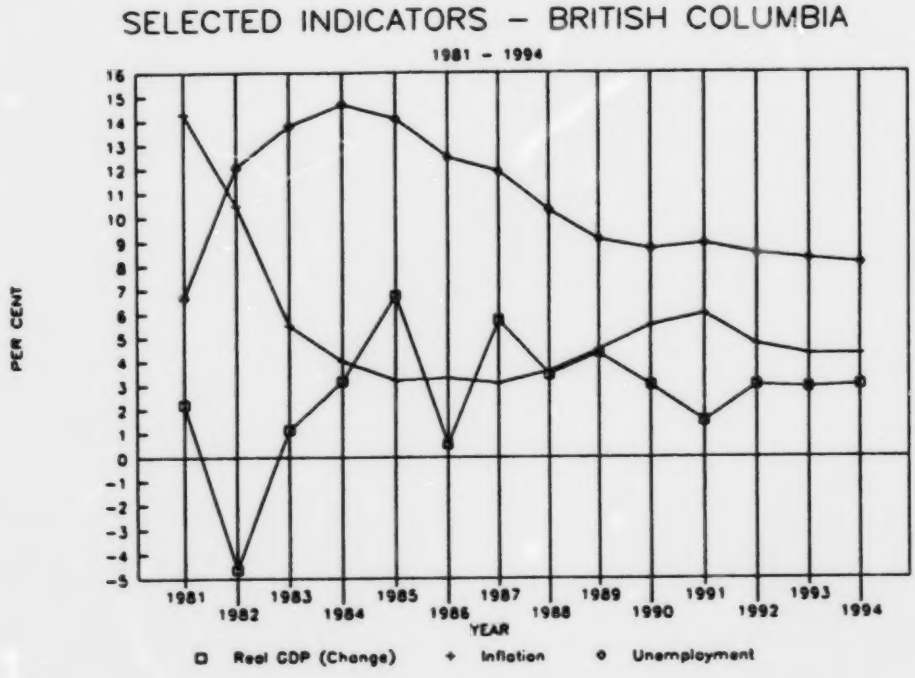
4.2 LABOUR MARKET INDICATORS:

a) Unemployment Rate

The unemployment rate refers to the percentage of the unemployed labour force actively seeking employment at any given time. The unemployment could result either from the deficiency of demand for the economy's output, or it could be related to non-demand factors such as search related activities which reflect that a certain proportion of the labour force is always unemployed at any given time because it takes time to find jobs.

In 1981, the unemployment rate in British Columbia was 6.7 percent; in 1984, however, it peaked - when approximately 14.7 percent of the labour force in British Columbia was unemployed. Since 1984, the unemployment rate has been steadily declining. By 1989, it dropped to 9.1 percent. For 1990, it is projected to drop further to 8.7 percent. In 1991, however, it is expected to increase marginally to 8.9 percent reflecting the effect of moderation of overall growth in the provincial economy.

Figure 5



- Actuals to 1989

As shown in Figure 5, beyond 1991, the rate is expected to follow a gradual downward trend reaching 8.1 percent by 1994 and further declines are expected by 2000. Given this forecast, it appears that the unemployment induced demand for health care services would not change significantly over the short term. However, the regional variations in the unemployment rates could pose different challenges to the health care planners. Also the variations in unemployment rates across industries will impact the regional demand for health care resources.

b) Employment:

The economic concept of employment is related to the unemployment rate. However, from a health care perspective, the level of employment exerts a different kind of pressure on the health care resources compared to the demands placed by high unemployment levels. Unemployment in the labour force causes distress and leads to many social, mental and physical ailments for individuals and families, as earlier noted. Employment growth (especially in the goods producing industries) on the other hand, is generally accompanied by a proportionate increase in industrial accidents and exerts demand for certain health care services such as physiotherapy and chiropractic. For example, a recent survey conducted by the Ministry indicated that the workload in many out-patient physiotherapy clinics is very sensitive to the regional industrial activity.

In 1989, there were 1.44 million persons employed in British Columbia. In 1990, the level of employment is projected to grow only by about 2.5 percent. Beyond 1990, the annual growth in employment is expected to range between 1.7 and 2.5 percent through to 1994. The regional variations in industry specific employment may pose significant challenges to the regional delivery of health care programs. The simultaneous increase in employment and unemployment is attributable to the overall growth in provincial population.

c) Inflation:

Consumer price inflation measured in terms of consumer price index (CPI) has been modest in British Columbia despite strong economic growth. In 1989, Vancouver and Victoria consumer price indices rose by 4.4 and 4.5 percent respectively compared to 5.0 percent for Canada as a whole.

Because of the recent increases in rents and house prices, the Vancouver CPI in 1990 is forecast to be around 5.5 percent. In 1991, however, inflation is expected to be higher due to the economic impact of GST. The overall impact of the GST is difficult to quantify, however, this forecast assumes that the GST will contribute about 1 to 1.25 percent to the inflation rate in 1991. Consequently, inflation in 1991 is projected to be around 6.0 percent in British Columbia. By 1992, it is expected to slow to 4.6 percent and will decline gradually to 4.3 percent by 1994.

Changes in the cost of consumer goods have varying impacts on consumers. Individuals and households in the higher income groups can readily accommodate fluctuations in the cost of living. However, single parent and low income families continue to struggle to adjust to the increased cost of living. Unless the disposable income of those disadvantaged groups keeps pace with the cost of living, inflationary pressure forces them to cut costs. Often cost curtailments are made in the food budget by using substitute products and shifting reliance to less costly and often less nutritive food groups. Lack of proper nutrition among pregnant women and children leads to low birth weights, infant mortality and other serious health care consequences and thus exerts significant pressure on the health care resources.

4.3 SELECTED TAX BASE INDICATORS:

Growth in wages, salaries, personal income, retail sales, corporate profits and other related indicators determine the ability of the government to raise revenue through taxation, which in turn determines the extent to which government can support and fund its health care and other social programs.

a) <u>Wages and Salaries</u>:

Based on current projections, the nominal growth in wages, salaries and supplementary labour income is expected to be around 9.0 percent in 1990 compared to the 10.5 percent increase of 1989. Over the 1989-1994 period, however, the total wages, salaries and supplementary labour income in British Columbia is projected to increase at a nominal rate of 7.4 percent per year from $39.0 billion in 1989 to $55.7 billion in 1994. In real terms, however, the growth is expected to be around 2.3 percent per year during this period.

Table 2 provides a summary of 1980 to 1989 wage contract settlements for unionized private and public sector workers in British Columbia. The wage settlements in the health sector (excluding BCMA and other practitioner organizations) are also presented separately in the table. On average, the wage settlements in the early 1980's in British Columbia were relatively generous. In 1986, these increases averaged only 1.7 percent; however, since 1986 the level of wage settlements has been gradually increasing.

The public sector contract settlements in recent years have exceeded the private sector wage increases. Within the health sector, however, health workers have always (except for 1988) enjoyed wage increases higher than the overall industrial trend (Table 2).

Table 2

WAGE CONTRACT SETTLEMENTS IN BRITISH COLUMBIA
(UNIONIZED WORKERS)
(Per cent Increase)

	Private Sector	Public Sector	Industrial Average	Health Sector
1980	11.1	11.9	11.4	15.2
1981	14.2	14.4	14.2	20.4
1982	10.6	7.5	9.5	12.4
1983	3.9	3.2	3.7	5.3
1984	2.1	2.1	2.1	2.5
1985	2.0	1.8	2.0	2.2
1986	0.9	2.6	1.7	3.8
1987	1.8	2.3	2.1	3.6
1988	4.5	5.2	4.8	4.1
1989	4.1	7.6	6.6	8.5
Average (1984-1989)	2.23	3.60	2.88	4.12

Source: B.C. Ministry of Labour and Consumer Services.

b) Average Weekly Earnings (AWE):

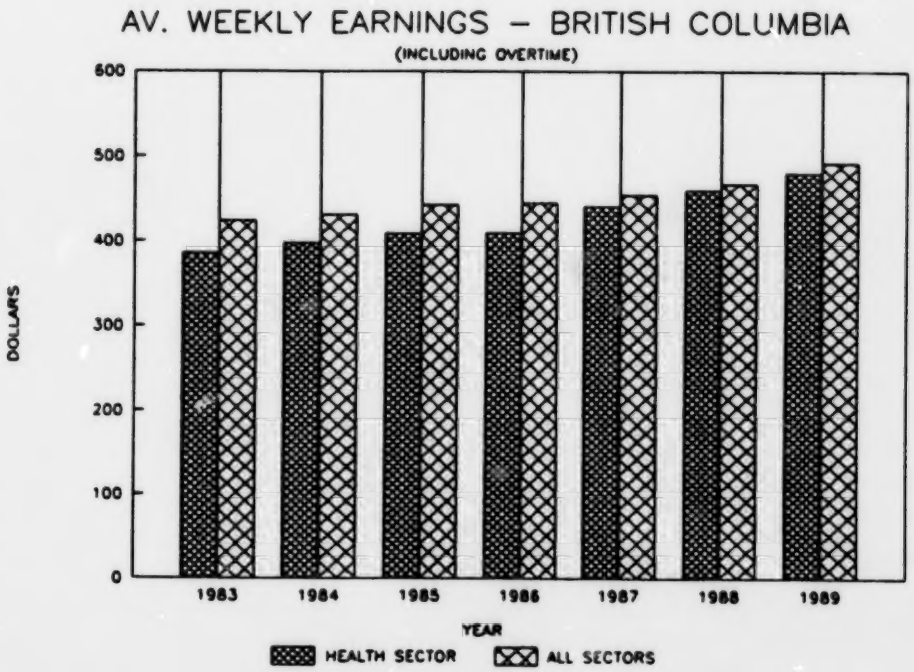
Average weekly earnings (AWE), in current dollars, have increased from $423.40 in 1983 to $491.70 in 1989 and are projected to increase to $640.80 by 1994. In spite of the relatively high wage increases given to health workers in the past, the AWE of the health sector employees have been 8 to 13 percent lower than the overall industrial average (Figure 6).

Even within the health sector, there is a significant wage differential between hospital workers and employees working in the offices of physicians and surgeons in British Columbia. The AWE of hospital workers are approximately 50.0 percent higher than the employees working in private physicians' offices.

c) Other Indicators:

Personal income (in nominal terms), is projected to increase from $63.3 billion in 1989 to $92.5 billion in 1994; whereas, the nominal increase in per capita personal income is expected to be around 31.7 percent from $20,720 in 1989 to $27,290 in 1994. The growth in per capita personal income is expected to keep pace with inflation.

Figure 6



Retail sales are forecast to increase by 45.3 percent from $20.5 billion in 1989 to $29.8 billion in 1994 and corporate profits are forecast to increase from $6.1 billion in 1989 to $7.7 billion in 1994.

5.0 REGIONAL ECONOMIC OUTLOOK - BRITISH COLUMBIA:

The future demand for health care resources at the sub-provincial level will be directly effected by regional economic patterns. However, because of the global nature of economic relationships, sub-provincial economic indicators are difficult to establish, quantify and measure. This limits efforts to predict the health implications of the changing economic environment at the regional level. Thus, the regional economic outlook for British Columbia's eight development regions is presented only in a qualitative form. It is intended that the regional planners, equipped with the following information, will be in a relatively better position to develop policy initiatives to prepare for the changing health care needs of the local population.

a) Development Region 1 - Vancouver Island Coast:

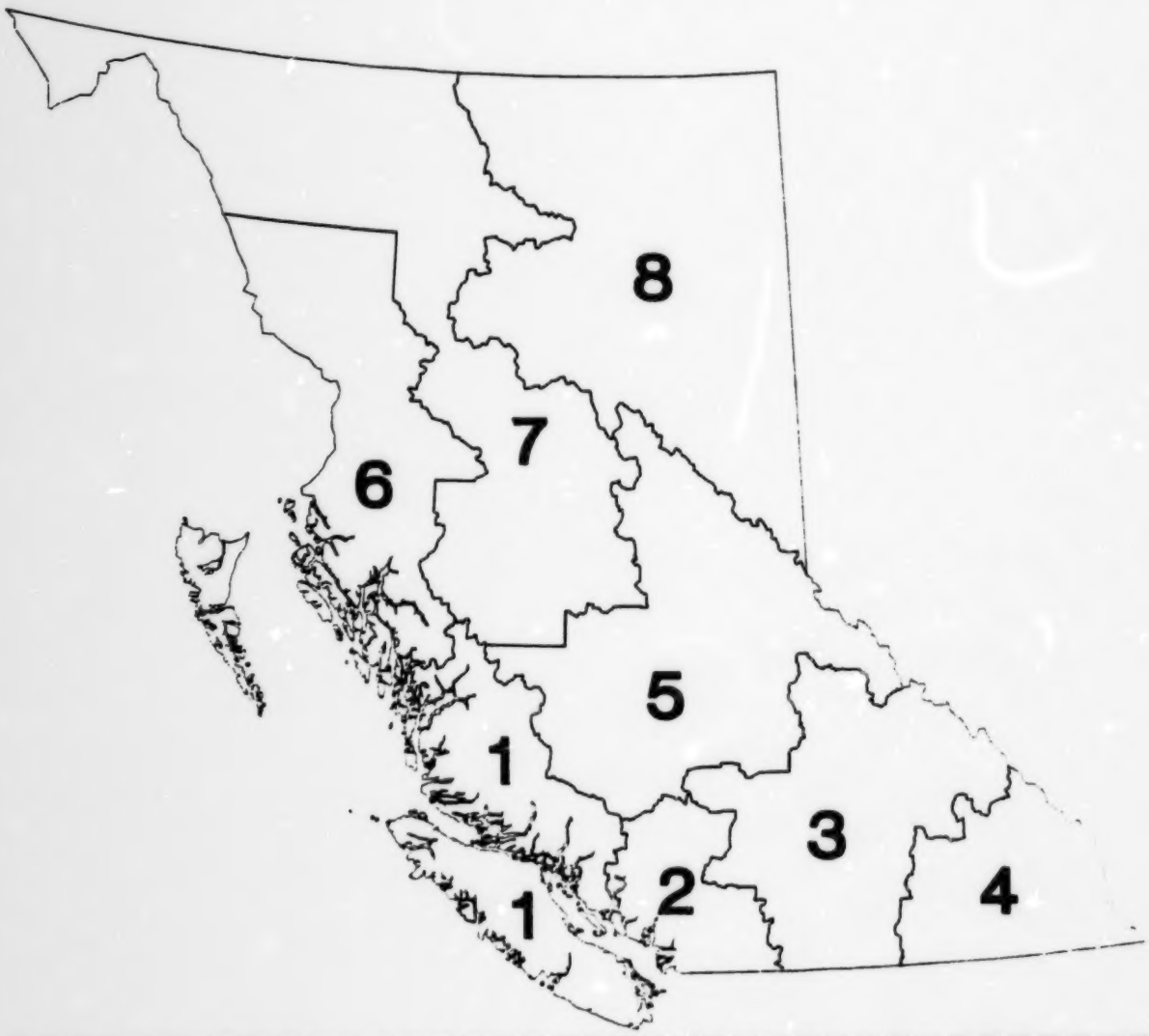
The Vancouver Island/Coast Region is comprised of Vancouver Island and several smaller islands and a section of the Mainland. In terms of geographic area, the region ranks sixth of the 8 Development Regions. However, on the basis of population and economic activity it ranks second only to the Mainland/Southwest. In 1988, approximately 11.5 percent of the labour force in the region was unemployed.

From a health planning perspective, the region can be viewed as divided into eight Regional Hospital Districts (RHD): Alberni-Clayoquot (RHD 1), Capital (RHD 3), Central Coast (RHD 5), Comax-Strathcona (RHD 10), Cowichan Valley (RHD 11), Mount Waddington (RHD 19), Nanaimo (RHD 20), and Powell River (RHD 24).

Outlook:

Along with a modest growth in population throughout the 1990s, the tourism industry is expected to experience growth in this region. The new convention centre, 1994 Commonwealth Games and the recent renovation and expansion of Empress Hotel all promise well for Victoria's future tourist appeal. Other projects such as the Island Highway upgrading from Victoria to Campbell River will diversify the Vancouver Island economy, and at the same time improve accessibility of all parts of Vancouver Island to both business and tourists. This will be accompanied by increased employment in service related jobs.

B.C Development Regions



Development Region	Regional Hospital District			
1. Vancouver Is./Coast	01. Alberni-Clayoquot	03. Capital		
	05. Central Coast	10. Comox-Strathcona		
	11. Cowichan Valley	19. Mount Waddington		
	20. Nanaimo	24. Powell River		
2. Mainland/Southwest	06. Central Fraser Valley	12 Dewdney-Alouette		
	14. Fraser-Cheam	16. Greater Vancouver		
	26. Squamish-Lillooet	28. Sunshine Coast		
3. Thompson-Okanagan	08. Central Okanagan	09. Columbia-Shuswap		
	21. North Okanagan	22. Okanagan-Similkameen		
	29. Thompson-Nicola			

Development Region	Regional Hospital District		
4. Kootenay	07. Central Kootenay	13. East Kootenay	
	18. Kootenay-Boundary		
5. Cariboo	04. Cariboo	15. Fraser-Fort George	
6. North Coast	17. Kitimat-Stikine	25. Skeena-Queen Charlotte	
7. Nechako	02. Bulkley-Nechako	27. Stikine	
8. Northeast	23. Peace River	30. Fort Nelson/Liard	

Prepared by: Health Economics & Planning Branch,
Ministry of Health

Map Source: Planning & Statistics Division,
Ministry of Finance & Corporate Relations

The pulp and paper sector will continue to play a major role in the Island economy in the 1990s. Food processing related to the fishing industry is also expected to remain steady, but because of the uncertainty regarding future availability of fish, no significant growth in this industry is expected.

The mining industry shows limited potential for growth as some facilities may close due to mineral depletion during the later part of the decade and potential new prospects are primarily small gold mines. The Island Copper mine near Port Hardy is expected to exhaust its ore around 1997 which will have an adverse impact on the employment in Port Hardy. However, a ferro-chromium project, if approved, will create about 200 jobs in Port Hardy area in the early 1990s. The Quinsam Coal mine in Campbell River has been expanding output and plans to double production by 1991.

Improvements in infrastructure and enhanced transportation services, both to and on the Island, are expected to facilitate further development and keep the real estate market healthy.

Continuing reliance on the pulp and paper sector could further exacerbate pollution related respiratory health problems in the region. However, with the availability of natural gas, most of the pulp mills on the Island will convert to natural gas during 1991 and would, consequently, effect a reduction in atmospheric emissions and related health risks.

The number of families in the region are expected to increase from 158,000 in 1989 to 173,000 in 1994. Currently, there are approximately 19,500 single parent families in the region; by 1994, these are forcast to increase to about 21,000. The per capita personal income is projected to increase by 36.0 percent from $20,510 in 1989 to $27,940 in 1994.

b) Development Region 2 - Mainland/Southwest:

Although the Mainland/Southwest Region has the smallest land area of the 8 Development Regions, it is by far the most populous. The densely populated urban core has been steadily expanding from Vancouver, consequently pushing suburban neighbourhoods of single family dwellings eastward beyond Abbotsford. In 1988 the region experienced a 9.5 percent unemployment rate.

The Region includes six RHDs: Central Fraser Valley (RHD 6), Dewdney-Alouette (RHD 12), Fraser-Cheam (RHD 14), Greater Vancouver (RHD 16), Squamish-Lillooet (RHD 26), and Sunshine Coast (RHD 28).

Outlook:

The cost of living in this region is expected to continue to rise during the 1990s due to housing and transportation constraints. More families will have two income-earners to ensure a stable standard of living in the face of rising real costs.

The service sector is expected to continue to grow. Manufacturing, however, will decline in importance since high land costs and the availability of suitable sites will limit growth of this sector. The tourism industry will expand as Vancouver's desirability as a world class tourist destination becomes increasingly established.

Growth in the service sector, increased tourism and the expansion of the urban core towards suburban neighbourhoods is expected to significantly increase the vehicular traffic in the region. As a result, health care resources will be required to contain the potential risks to human health due to the increased emissions. As well, the increased cost of living will impose a significant strain on low income families in the region.

The commercial and residential real estate industry will remain strong through the 1990s since both population growth and business opportunities look promising.

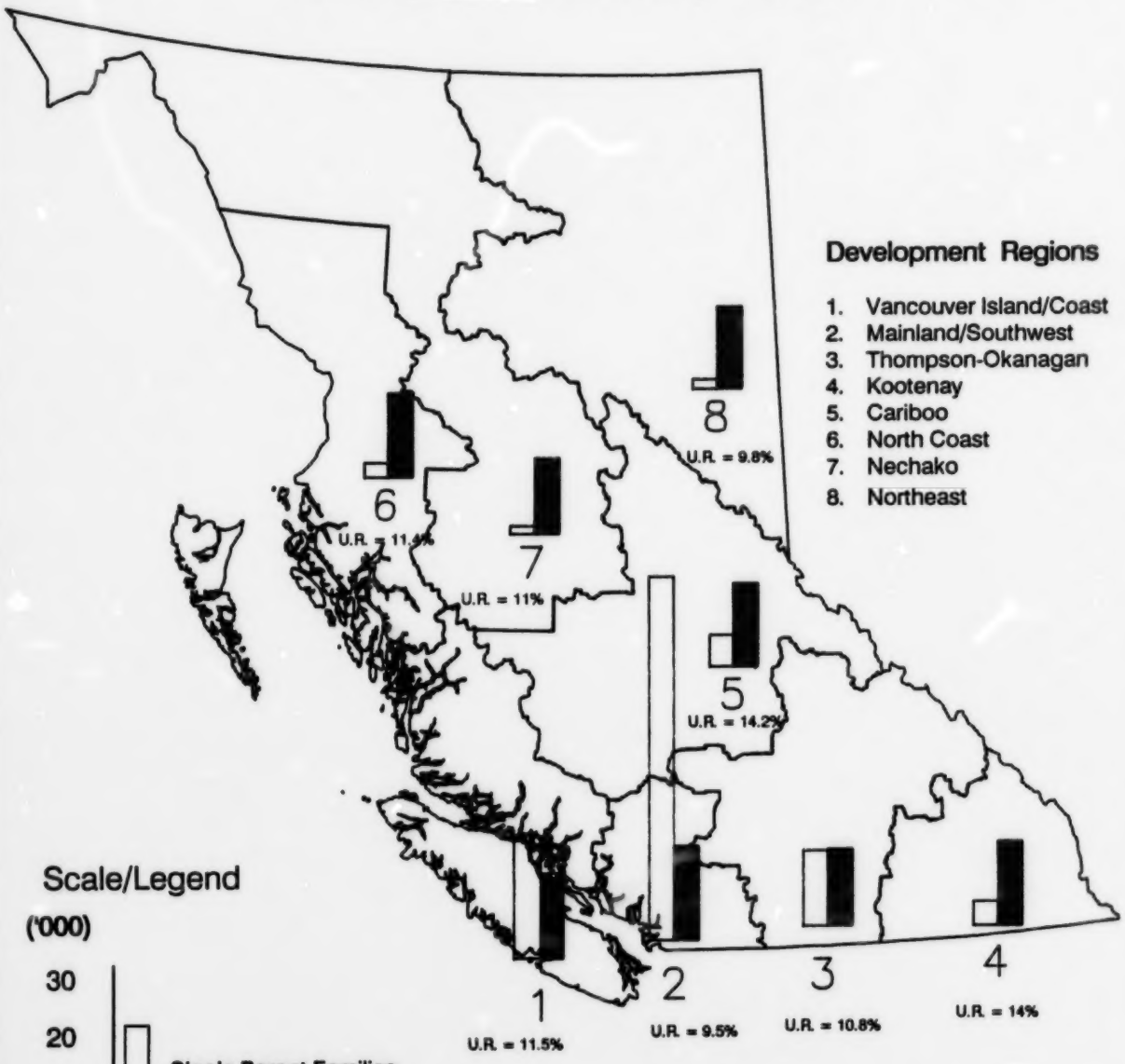
The Sunshine Coast is one of the province's major centres for aquaculture. However, continuing technical problems and limited sites dampen the prospects for further development of this sector.

By 1994, the region is forecast to experience an increase of 7,200 single families; the total number of families in the region is expected to increase from 465,720 in 1989 to 522,000 in 1994. Average income per person is expected to increase from $21,540 in 1989 to $28,390 in 1994.

c) Development Region 3 - Thompson Okanagan:

The Thompson-Okanagan Region contains within its boundaries five RHDs: Columbia-Shuswap (RHD 9), Central Okanagan (RHD 8), North Okanagan (RHD 21), Okanagan-Similkameen (RHD 22), and Thompson-Nicola (RHD 29). Aside from agriculture, manufacturing and forestry, the regional economy also relies significantly on the tourism and retirement sectors. In 1988, unemployment in the region was around 10.8 percent.

Economic Profile by Development Region
British Columbia, 1988



Prepared by: Health Economics & Planning Branch, Ministry of Health

Map Source: Planning & Statistics Division, Ministry of Finance & Corporate Relations

Outlook:

Tourism and agriculture industries in this region are expected to continue to be the major employers. Tourism will continue to grow over the next decade facilitated by the recent completion of the Coquihalla Highway system. Agriculture and related processing facilities will continue to be important to the region throughout the 1990s; however, the agriculture sector will face difficult times ahead due to the free trade agreement.

Copper will remain important as the Highland Valley (near Kamploops), Similico (Princeton) and other copper mines in the region continue production. However, expected closure of the Nickel Plate mine in December, 1991 will reduce the level of mining employment in the Peachland area and will likely cause an increase in unemployment related health problems.

The number of families in the region is forecast to increase from 98,720 in 1989 to 108,000 in 1994. Approximately, 12.0 percent of these families in 1994 are expected to be headed by a single parent. The average income per person is forecast to increase by 36.0 percent from $18,790 in 1989 to $25,580 in 1994.

d) Development Region 4 - Kootenay:

Three Regional Hospital Districts: Central Kootenay (RHD 7), East Kootenay (RHD 13), and Kootenay Boundary (RHD 18). combine to form the Kootenay Development Region. Agriculture activity in the Region is seriously limited by topographic and climatic conditions. To a large extent the Region's economy depends on logging, mining, cattle ranching and tourism. In 1988, approximately 14.0 percent of the regional labour force was unemployed.

Outlook:

The Kootenay region is characterized by a "boom to bust" economy. Large scale mining and hydro-electric production facilities tend to create rapid growth during construction periods, moderate growth during operations and recessionary conditions during downturns in export cycles. Efforts are being made to diversify the regional economy. However, if successful, these will not be a factor until late in the 1990s.

Mining is the largest component of the Kootenay regional economy. In 1989, it employed nearly 4,500 workers in mining and 3,500 in related manufacturing industries. Coal is, by a wide margin, the single most important mineral mined in the region. Because of strong international demand for both thermal and metallurgical coal, the prospects for the region's major coal producers appear promising.

Most urban centres in the region are expected to experience stable or modest growth through the 1990s except for Kimberley. Kimberley's economy faces layoffs at the Sullivan mine over the period 1992 to the end of the century. The Castlegar economy, however, will probably receive a significant boost due to Celgar's proposed $650 million pulp mill.

The unemployment rate is expected to drop as new employment opportunities are created in the manufacturing and service sector. The impending 800 lay-offs at the Sullivan mine will affect this trend adversely at Kimberley. Unemployment in Kimberley and the increased production of coal and mineral products in the region will place further stress on the regional health care resources.

The number of families in this region is forecast to increase from 33,910 in 1989 to 35,000 in 1994. The average income per person is expected to rise from $20,140 in 1989 to $28,700 in 1994 and there will be approximately 3,700 lone-parent families in the region by 1994.

e) Development Region 5 - Cariboo:

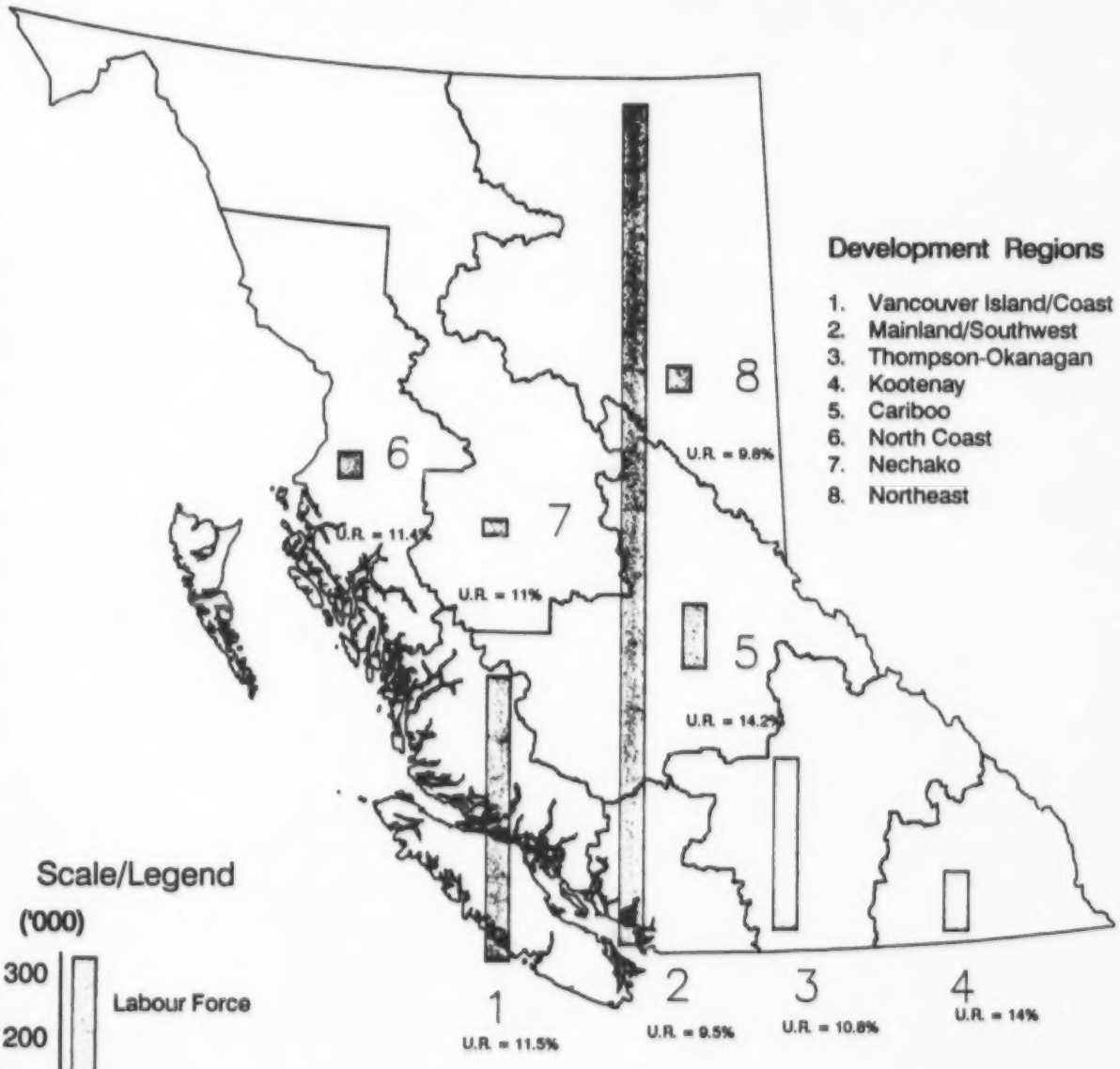
The Cariboo Region includes Cariboo and Fraser-Fort George Regional Hospital Districts. The Region is the third largest of the 8 development Regions and covers approximately 13.5 percent of the Province's land area. Virtually every community in this region derives at least part of its livelihood from forest related activities. However, in 1987 approximately 25.0 percent of the regional labour force was unemployed. In 1988 the unemployment rate dropped to 14.2 percent.

<u>Outlook</u>:

With improvements in the region's resource activity, the population is expected to increase moderately. The population will continue to be young relative to other regions of the province as the region holds little attraction as a retirement area.

The region has approximately 38 permanent lumber mills, many of these are concentrated in 100 Mile House, Williams Lake, Quesnel, Prince George, Mackenzie, Bear Lake and Valemont. The region also has eight pulp mills providing direct employment to approximately 2,300 people.

British Columbia Labour Force by Development Region, 1988



PROFILE3-9000

Prepared by: Health Economics & Planning Branch, Ministry of Health

Map Source: Planning & Statistics Division, Ministry of Finance & Corporate Relations

Pulp and paper production is expected to continue to be important throughout the region. With the increase in world demand for pulp and paper, the region will probably experience more stable economic conditions from 1994 to the end of the century. The mining industry will likely experience modest growth; Placer Dome and Corona Corporation mining properties near Likely and Williams Lake are expected to provide 275 permanent jobs. The agriculture sector is expected to remain stable over the 1990s.

Because of its reliance on forest product industries and the expected increase in pulp and paper production over the forecast period, it appears that the region will continue to face potential health risks due to the impact of these activities on air and water quality in the region.

The number of single parent families are expected to increase from 4,800 in 1989 to 5,200 in 1994; in total, the region is expected to have approximately 41,000 families by 1994. The average income per person in the region is forecast to rise from $19,760 in 1989 to $27,030 in 1994.

f) Development Region 6 - North Coast:

The North Coast is the fourth largest of the 8 Development Regions in the Province and includes Kitimat-Stikine and Skeena-Queen Charlotte Regional Hospital Districts. The heavy forest cover along the coast supports considerable economic activity in the region. Aside from the forest industries, commercial fishing, especially on Queen Charlotte Islands, provides significant benefits to the region. In 1988, 11.4 percent of the labour force in North Coast was unemployed.

Outlook:

Compared to the increasingly retirement-oriented character of province's southern areas, the demographic profile of the North Coast will probably age only moderately in the next 10 years.

Expansion of pulp and paper operations in Prince Rupert and Kitimat is likely to create new jobs. However, the future of logging appears to be less favourable due to declining timber supplies and poor transportation infrastructure.

Since the mid 1980's, the Iskut and Unuk valleys of this region have been two of the most prospective gold exploration areas in Canada. The two new mines being developed by Cominco and Prime Resources are expected to provide approximately 400 jobs by 1990 and 1991.

Alcan's Kitimat facility provides 40 percent of the region's employment. The massive $600 million second phase of the Kemano power project which began in early 1989, will take four years to complete and will require 4.5 million person hours of labour with up to 800 workers at peak construction levels.

The future of fish farming appears bleak due to price competition. Tourism in this region is expected to grow as unique attractions, like South Moresby National Park Reserve, are developed and gain increasing popularity.

The latest projections by Central Statistics Bureau indicate that the number of families in the region will increase from 15,270 in 1989 to 17,400 in 1994. Approximately 13.0 percent of these families are expected to be headed by a single parent. Per capita income is forecast to increase by 32.0 percent from $18,750 in 1989 to $24,680 in 1994.

g) Development Region 7 - Nechako:

The Nechako Region includes Bulkley-Nechako and Stikine Regional Hospital Districts. It represents 21 percent of the province in terms of the land area and is second in size only to the North East Region. The mining industry provides the leading economic support to the Stikine area; whereas the Vanderhoof and Burns Lake Areas depend largely on forest industries. In 1988, the unemployment in this region was around 11.0 percent.

Outlook:

Growth in this area will probably occur as a result of increased activity in the resource, transportation and tourism sectors. Mineral exploration and development holds the most promise for the Nechako economy. The addition of five major mines (at Windy Graggy, Silver Queen, Dome Mountain, Golden Bear and McDame) in the next few years is expected to create 1400 permanent jobs and shift some mining employment to these areas from other regions.

In the forest sector ongoing modernization of the forest industries will lead to decreasing employment opportunities. However, if Alcan's proposed $350 million pulp mill is not stalled due to environmental concerns it would provide a major boost to Vanderhoof's economy. Manufacturing operations will continue to be largely forest related over the next ten years.

The region has experienced a significant drop in the number of families. In 1989 the number dropped to 9,731 from 9,893 in 1988. Over the forecast period the number is expected to increase to 11,300 by 1994. Out of these 11,300 families, 1,200 are expected to have only one parent. The average income per person is expected to increase at a rate slower than the rate of inflation, from $18,150 in 1989 to $22,900 in 1994.

h) Development Region 8 - Northeast:

In size (in terms of the land area), the Northeast is the largest of the 8 Development Regions. Since 1981, the development of coal deposits has made mining the largest resource component in the Dawson Creek area. In the Fort St. John Area, the oil and gas exploration and development are the leading source of employment. The Region consists of two Hospital Districts: Peace River-Liard (RHD 23) and RHD 30.

Outlook

Unemployment has fluctuated since the early 1980s, as declining oil prices have led to lay-offs in the petroleum industry. In 1988, unemployment dropped to approximately 11.7 percent from 17.2 percent in 1987 as a result of increased mineral exploration and strengthening of the service sector.

In 1989, there were approximately 13,750 families in the region. By 1994, this is expected to increase to 14,000. The per capita income in the region is forecast to increase from $19,840 in 1989 to $28,290 by 1994.

The forest sector in the region is positioned for strong growth. The recovery of oil prices and the expectation that higher prices will continue into the future will stimulate exploration activity in the region. This will have a direct and spin-off effect on local employment growth. Strong world demand for coal is expected to maintain this sector of the economy in the coming years. If the proposed $1 billion ethane-based gas plant is pursued, the Taylor economy will experience substantial stability through the addition of about 300 permanent jobs.